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STATE FOR ISN, EAP, T, TREASURY, NEA, INR, EEB, S/CT, INL

E.O. 12958: N/A

TAGS: [EFIN](#) [KNNP](#) [PREL](#) [PARM](#) [KS](#) [IR](#)

SUBJECT: FOLLOW UP WITH ROKG ON FATF STATEMENT ON IRAN

REF: A. STATE 121356

[1](#)B. STATE 115523

[1](#)1. (U) This is an action request. Please see paragraph 6.

[1](#)2. (SBU) On November 18 econoff called on Lee Sang Soo, First Secretary in MOFAT's Disarmament and Nonproliferation Division, to deliver demarche (Ref A). Lee pledged to deliver the demarche to KoFIU and was pleased to hear that econoff would be meeting with KoFIU directly. Lee added that he had delivered to Korea's Financial Intelligence Unit (KoFIU) the previous nonpaper (Ref B) concerning the FATF statement on Iran's anti-money laundering and counter-terrorist finance (AML/CFT) regime and 1803 implementation guidance but had received no response. He noted Korea's interest in working together on Iran but emphasized KoFIU's and the Ministry of Strategy and Finance's (MOSF) responsibility for the issue

[1](#)3. (SBU) Deputy EconCouns and econoff followed up with a call on KoFIU, visiting Director Lee Young Jick and Deputy Director Lee Kwi Woong in the Planning & Administration Office on November 24. Both men were interested in the U.S. position and listened attentively to the demarche. Director Lee stated that KoFIU had already taken appropriate measures in response to the October 16 FATF statement on Iran. KoFIU had translated the statement and sent it to Korean financial institutions, asking that they enhance due diligence for the six countries cited in the statement. Deputy Director Lee also noted that Korea seeks to implement all FATF guidelines. He further noted that the ROKG currently has observer status within FATF and will receive the first draft report on its potential membership from FATF in February 2009. KoFIU expects to receive a final decision on its status in June. Director Lee said that it is KoFIU's principle to comply with global AML/CFT standards and that MOSF had already sanctioned Iranian banks in Korea. He noted that this was not a trivial accomplishment given South Korea's continuing commercial relationship with Iran.

[1](#)4. (SBU) Referencing FATF's recent guidance on UNSCR 1803 implementation, Deputy Director Lee disclosed that KoFIU has limited authority with regard to AML/CFT implementation but implementation of UNSCR 1803 and proliferation of WMD is currently beyond KoFIU authority because KoFIU is statutorily focused on money laundering and counterterror finance. Consequently, KoFIU is in consultations with MOSF and the Ministry of Legislation to determine the scope of KoFIU's authorities and the extent to which it can take action. Director Lee repeated that KoFIU had acted in response to the FATF statement on Iran but will consider if there are other appropriate measures to take. Director Lee raised the following questions:

-- Does the United States' Finance Center have the authority with regard to WMD and chemical/biological weapons cases?

-- Given UNSCR 1803 recommendations, why did the U.S. allow

Iran to have a U-turn general license prior to November 6?

-- What specific actions does the USG want Korea to take with respect to specific Iranian activities?

15. (SBU) Post will pursue the issue with MOSF's Foreign Exchange Policy Division.

16. (U) ACTION REQUEST: Post requests Department guidance with respect to the three questions contained in paragraph 4.

STEPHENS